

**State of New Jersey  
Division of Pensions and Benefits**

# **INVESTMENT CARRIER COMPARISON GUIDE**

**For Employees of the:  
Alternate Benefit Program (ABP)  
and  
Additional Contributions  
Tax-Sheltered Program (ACTS)  
(PERS and TPAF Employees)**



**April 2004**

# SELECTING A RETIREMENT COMPANY

When you participate in the Alternate Benefit Program (ABP) or the Additional Contributions Tax-Sheltered (ACTS) Program you must select an investment company to manage your money.

**ABP members** participate in a defined contribution plan whereby the employer contributes 8% and the employee contributes a mandatory 5% to a basic retirement plan. ABP members may also participate in voluntary Tax-Sheltered Annuities or Tax-Deferred Annuities.

**ACTS** is a voluntary tax-sheltered annuity program available to employees enrolled in defined benefit pension plans at employer locations where ABP is also available.

This guide offers information on the six investment carriers you can select for these programs. In deciding which one is best for you, here are some points to consider:

## Financial Stability and Experience

Look for top ratings by independent agencies such as Standard & Poor's or Moody's Investors Service. The highest ratings (AAA and Aaa) indicate superior stability, claims-paying abilities, sound investments and financial strength.

## Management Objectives

Since ABP and ACTS are retirement programs, the emphasis should be on long-term results. Examine the company's prospectus for each investment option, specifically the types of investments, the objectives and risks involved, and the expenses and fees associated.

## Expenses and Fees

Expense charges allow financial companies to operate. Over the years, expenses can take a significant bite out of your retirement investments.

- Higher expenses mean the fund's return has to be higher to make up for them.
- Sales fees ("loads") or transfers and withdrawal fees mean you may pay more over the long term.
- Lower expenses mean more of your money is working for you.

## Service Features

Consider a company committed to assisting you both during your working years and after

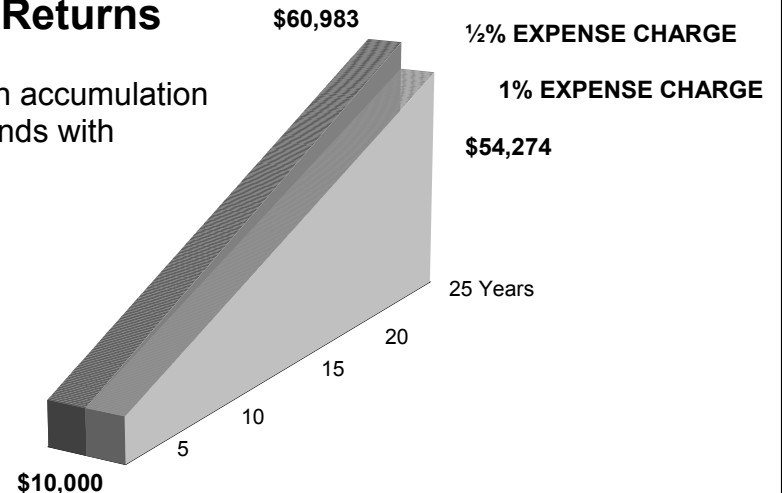
you retire. Look for the following:

- A toll-free customer service telephone center.
- Interactive websites with secure online access for account information, transaction capability and up-to-the-minute market news and reports.
- Personal face-to-face counseling and assistance on planning for retirement and other financial needs.
- Education workshops and seminars, newsletters, quarterly and annual statements.

To participate in any of these programs, please contact your Human Resources Office.

## How Expenses Impact Returns

The chart shows the growth of an accumulation of \$10,000 in two hypothetical funds with expense charges of  $\frac{1}{2}\%$  and 1% over a 25-year period, assuming an average annual return of 8%. Reducing expenses by  $\frac{1}{2}\%$  can add approximately \$6,709 (before taxes) to this investment return.



# FINANCIAL TERMS MADE EASY

Retirement plans often use specialized terms regarding the type of plan and their investment choices. To make it easier, definitions for key words are provided below.

## Annuity

A contract by which an insurance company agrees to make regular payments to someone for life or for a fixed period. See **Fixed Annuity** and **Variable Annuity**.

## Defined Benefit Plan

A retirement plan that provides a specified benefit based on salary and years of service. The plan sponsor makes the investment choices and is responsible for ensuring that sufficient assets are available to pay the retirement benefit. The PERS is a defined benefit plan.

## Defined Contribution Plan

A retirement plan that specifies a rate of employer and/or employee contributions usually defined as a percentage of salary. The employee makes investment choices. Investment return will effect an employee's accumulation. The retirement benefit is dependent upon the employee's accumulation, age, and benefit option(s). The ABP is a defined contribution plan.

## Expenses

**Expenses for annuities** may carry the following types of fees:

1) a fund expense which includes management fees for the subaccounts of variable annuities; 2) a **mortality and expense (M&E)** charge for the insurance contract guarantee, including sales commissions and administrative expenses; 3) a **surrender charge** if the annuity contract is closed and funds are withdrawn or transferred before a specified length of time (usually between 1-10 years).

## Fixed Annuity

A traditional insurance investment where the company guarantees principal and a specified interest rate and may offer dividends. The

duration of the interest rate guarantee and the policy for determining future interest rates as well as expenses and fees vary by company. Detailed information about these policies and expenses should be obtained from the investment company.

## 403(b) Plan

A plan similar to a 401(k), a tax-deferred retirement plan that lets employees of nonprofit education and research organizations and public schools contribute pretax dollars to an investment pool until the employee retires or terminates employment.

## Salary Reduction

Pre-tax employee contributions to a savings or investment plan that are withheld from their salary through payroll deduction. These contributions are exempt from federal income taxes.

## Tax-Sheltered Annuity (TSA) or Tax-Deferred Annuity (TDA)

A voluntary tax-deferred investment vehicle that is designed to help build extra retirement assets, and is funded through employee contributions. The employee makes investment choices.

## Variable Annuity

An annuity, the value of which fluctuates based on the market performance of an underlying securities portfolio. Unlike Fixed Annuities, there is no guarantee of principal repayment or rate of return. Variable annuities are securities registered with the Securities and Exchange Commission, which require a prospectus. The prospectus contains information you should know before purchasing a variable annuity and must be made available at the time of your enrollment or upon request.

# NEW JERSEY ABP/ACTS INVESTMENT COMPANY COMPARISON GUIDE

	AIG-VALIC	AXA Financial (Equitable)	The Hartford	ING Life Insurance and Annuity Co.	TIAA-CREF	Travelers (CitiStreet)
<b>CUSTOMER SERVICE</b>						
Phone Number(s)	800-448-2542 or 973-285-8200	800-628-6673 - Available from 8:00 a.m. to 7:00 p.m. EST (Monday through Thursday) and 8:00 a.m. to 5:00 p.m. EST on Friday.	800-528-9009	877-873-0321	800-842-8412 or 609-243-6000	1-800-545-0108 or 732-602-0500
<b>SERVICES</b>						
Web-based	<a href="http://aigvalic.com/njabp">aigvalic.com/njabp</a>	<a href="http://equitable.com/nj">equitable.com/nj</a>	<a href="http://retire.hartfordlife.com">retire.hartfordlife.com</a>	<a href="http://ingretirementplans.com">ingretirementplans.com</a>	<a href="http://ttaa-cref.org">ttaa-cref.org</a>	<a href="http://travelersla.com">travelersla.com</a>
E-mail		<a href="mailto:equitable.nj@axa-financial.com">equitable.nj@axa-financial.com</a>				
Voice Response System	800-44-VALIC	800-755-7777	800-528-9009	800-262-3862	800-842-2252	800-842-9406
On campus/worksite representative	Each campus has an on-site Financial Advisor assigned. Please call 973-285-8200 to schedule a face to face meeting or visit our website for a complete listing of Financial Advisors.	Please visit <a href="http://www.equitable.com/nj">www.equitable.com/nj</a> for the list of our representatives by the institution to which they are assigned. Click on the yellow box at the top of the screen titled, "Contact a Financial Professional Now!." You can also call us at 1-866-786-0856.	Please call 1-800-243-7782 ext 207 to contact your local Hartford Representative. A Hartford Account Representative has been assigned to your campus to assist you in enrolling in the plan and is available for ongoing financial education and counseling..	ING Financial Advisers, LLC (member SIPC); 877-873-0321	Noncommissioned Financial Consultants are available for face-to-face meetings. Call 800-842-8412 or 609-243-6000 for an appointment.	Each campus has an on-site Financial Counselor assigned. Please call 800-545-0108 to contact your Travelers representative.
<b>PROVIDER FINANCIAL CONDITION (RATING)</b>						
A.M. Best Co.	A+	A+	A+	A+	A++ (6/2003)	A++
Fitch	AA+	AA	AA	AA	AAA (11/2003)	AA+
Standard & Poor's	AAA	AA-	AA-	AA	AAA (10/2003)	AA
Moody's Investors Service	Aa1	Aa3	Aa3	Aa3	Aaa (12/2003)	Aa1
<b>INVESTMENT CHOICES BY ASSET CLASSES (EXPENSES BY FUND ARE LISTED IN PARENTHESIS BESIDE EACH ACCOUNT)</b>						
Guaranteed	Fixed Account Plus Short-Term Fixed Account	Guaranteed Interest Option (GIO) (0.00%) Fixed Maturity Option (0.00%)	General "Declared Interest" Account (none)	ING Fixed Plus Account II <sup>B1</sup> ING Long-Term GAA <sup>2</sup> ING Short-Term GAA <sup>2</sup>	TIAA Traditional	Enhanced Travelers T-Flex Fixed Annuity (1% bonus on new deposits)
Fixed Income - Bonds	Capital Conservation Fund (0.65%)	EQ/JP Morgan Core Bond (0.80%)	Hartford Bond HLS (0.51%)	ING VP Bond Portfolio (0.49%) <sup>B1</sup>	CREF Bond Market (0.44%) CREF Inflation-Linked Bond (0.44%)	Travelers Quality Bond (0.32%)
Money Market	Money Market Fund (0.56%)	EQ/Money Market (0.64%)	Hartford Money Market HLS (0.49%)	ING VP Money Market Portfolio (0.34%) <sup>B1</sup>	CREF Money Market (0.39%) <sup>C1</sup>	Travelers Money Market (0.32%)
Equity-Stocks	Vanguard Winsdor II (0.42%) T. Rowe Price Science & Technology (1.00%) Small Cap Index (0.48%) American Century International Growth (1.06%) MidCap Index (0.41%) Templeton Global (0.81%) Stock Index (0.37%)	EQ/Janus Large Cap Growth (1.15%) EQ/Bernstein Diversified Value (.95%) EQ/Equity 500 Index (.57%) EQ/Calvert Socially Responsible (1.05%) EQ/FI Mid Cap (1.00%) EQ/Small Company Index (0.85%) EQ/Mercury International Value (1.25%)	Templeton Foreign (1.22%) Hartford Small Company HLS (0.77%) Franklin Small-Mid Cap Growth (1.06%) Hartford MidCap HLS (0.72%) American Century Equity Income (1.25%) MFS Massachusetts Investors Growth Stock (0.92%) Hartford Index HLS (0.44%) Hartford Dividend and Growth HLS (0.69%)	ING VP International Value Portfolio (1.00%) <sup>B1</sup> ING American Century Small Cap Value Portfolio (1.55%) <sup>B1</sup> ING Baron Small Cap Growth Portfolio (1.45%) <sup>B1</sup> ING VP Index Plus MidCap Portfolio (0.53%) <sup>B1</sup> Lord Abbett Series Fund- Mid Cap Value Portfolio (1.15%) <sup>B1</sup> Fidelity VIP Contrafund Portfolio (0.68%) <sup>B1</sup> ING T. Rowe Price Growth Equity Portfolio (0.75%) <sup>B1</sup> ING T. Rowe Price Equity Income Portfolio (0.95%) <sup>B1</sup>	CREF Stock (0.48%) CREF Global Equities (0.53%) <sup>C2</sup> CREF Equity Index (0.44%) CREF Growth (0.50%)	Fidelity VIP Growth Portfolio (0.65%) Fidelity VIP Equity-Income (0.56%) Dreyfus Stock Index Fund (0.27%) Templeton Growth Securities (0.87%) Capital Appreciation (Janus) (0.81%) Travelers Social Awareness (Smith Barney) (0.68%) Fidelity VIP Mid Cap Portfolio (0.88%) Smith Barney Appreciation Portfolio (0.77%)
Balanced	Asset Allocation (0.64%)	AXA Moderate Allocation (.35%) <sup>A1</sup>	Van Kampen Equity and Income (0.82%)	ING VP Balanced Portfolio, Inc. (0.59%) <sup>B1</sup>	CREF Social Choice (0.44%) <sup>C3</sup>	Fidelity VIP Asset Manager (0.61%) MFS Total Return Portfolio (0.83%)
Real Estate	N/A	N/A	N/A	N/A <sup>B1</sup>	TIAA Real Estate (0.69%) <sup>C4</sup>	N/A

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<b>TOTAL EXPENSES</b>						
Total expenses and fees including: • Fund Expense (also shown separately under the section "Investment Choice By Option") • Mortality & Expense Charge • Separate Account Fee Expenses and fees were derived from the prospectuses in the respective enrollment kits.	1.11% - 1.86%	1.05% - 1.95%	1.29% - 2.10% (ME&A for all underlying funds is 0.85%)	1.34% - 2.55%, per 5/03 prospectus. No withdrawal charge applies to this plan.	0.39% - 0.69%	1.52% - 2.13%
<b>TRANSFERRING FUNDS WITHIN CARRIER INVESTMENTS OPTIONS OR AMONG INVESTMENT CARRIERS WHILE EMPLOYED</b>						
Transferring funds within a single carrier's investment options:  Restrictions and charges (other restrictions may apply, see prospectuses for details)	From Fixed Account: Limited to 20% per year.  From Variable: Up to 15 transfers per year between investment options. There is no charge for this service.	From Fixed Account - Generally 25% restriction from GIO to other funds. No restrictions on other funds.  From Variable: None	Participants may transfer the values of their account accumulations among the available investment choices and/or make allocation changes without restriction as to frequency (daily). However, the direct transfer of assets held in the General (Declared Rate) Account to the Hartford Money Market HLS Account (or vice versa), or to any other specified competing fund, are prohibited unless such assets are first transferred into another available investment option for at least 90 days.	Limited to 20% for any 12 month period (Fixed Plus Account II). 100% transfer for de minimus account balances. For Long- and Short-Term GAA, account values transferred before the end of the guarantee period may be subject to a market value adjustment. From Variable: None. However, the annuity contract(s) is not designed to serve as a vehicle for frequent trading in response to short-term fluctuations in the market.	Under RAs and GRAs (ABP):  From TIAA Traditional: Limited to \$10,000 or entire account made over a 10-year period. From TIAA Real Estate: Transfers may be made once per calendar quarter.  From Variable: None There is no charge for this service.  Under GSRAs (ABP & ACTS): Fully cashable and transferable among all accounts and to approved carriers. There is no charge for this service.	From Fixed Account: In service withdrawals limited to 20% per year. Excess withdrawals subject to a deferred sales charge of 7% on amounts withdrawn within 5 years of contributions  From Variable: None.
Transferring funds between investment carriers:  Restrictions and charges (other restrictions may apply, see prospectuses for details)	From Fixed Account: Limited to 20% per year  From Variable: None There is no charge for this service	From Fixed Account - Generally 25% restriction from GIO to other funds. No restrictions on other funds.  From Variable: None	No restrictions apply	Limited to 20% for any 12 month period (Fixed Plus Account II). 100% transfer option for de minimus account balances.  For Long- and Short-Term GAA, account values transferred before the end of the guarantee period may be subject to a market value adjustment.  From Variable: None. However, the annuity contract(s) is not designed to serve as a vehicle for frequent trading in response to short-term fluctuations in the market.	Under RAs and GRAs (ABP):  From TIAA Traditional: Limited to \$10,000 or entire account made over a 10-year period. From TIAA Real Estate: Transfers may be made once per calendar quarter.  From Variable: None There is no charge for this service.  Under GSRAs (ABP & ACTS): Fully cashable and transferable among all accounts and to approved carriers. There is no charge for this service.	From Fixed Account: In service withdrawals limited to 20% per year. Excess withdrawals subject to a deferred sales charge of 7% on amounts withdrawn within 5 years of contributions.  From Variable: None.
<b>SURRENDER OR WITHDRAWAL UPON RETIREMENT OR SEVERANCE FROM EMPLOYMENT</b>						
Restrictions and charges  (other restrictions may apply, see prospectuses for details)	From Fixed Account: None  From Variable: None	None	No restrictions apply	Fixed Plus Account II restrictions are waived due to death, severance from employment, financial hardship, purchase of annuity benefits, or de minimus account balances.  For Long- and Short-Term GAA, account values withdrawn before the end of the guarantee period may be subject to a market value adjustment (MVA).  From Variable: None.	There are no charges for withdrawals or surrenders from any account under the RA or GSRA.  For the GRA there are no charges for withdrawals from the TIAA Real Estate or CREF accounts in any form. There is a 2.5% surrender charge for lump sum withdrawals only, from TIAA Traditional. There is no charge for other types of withdrawals from TIAA Traditional.	From Fixed Account: None for death, disability, systematic payout for minimum 3 years or retirement/severance at age 55 with 5 years participation. Other withdrawals subject to an annual 20% free withdrawal. Excess withdrawals subject to a deferred sales charge of 7% on amounts withdrawn within 5 years of contribution  From Variable: None.

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<b>INCOME OPTIONS</b>						
Cash Withdrawals	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions <sup>C5</sup>	Subject to plan restrictions
Systematic Withdrawals	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions	Subject to plan restrictions <sup>C5</sup>	Subject to plan restrictions
Interest-only payments	Yes	Yes	No	No	Yes	Yes
Minimum distribution	Yes	Yes	Yes	Yes	Yes	Yes
Fixed period payments	Subject to plan restrictions	Yes	Yes	Subject to plan restrictions	Subject to plan restrictions <sup>C5,C6</sup>	Yes
Single Life Annuity	Yes	Yes	Yes	Yes	Yes	Yes
Joint Survivor Annuities	Yes	Yes	Yes	Yes	Yes	Yes
Guaranteed Periods	Yes	Yes; 5, 10, 15 or 20 years	Yes; 10, 15, and 20 year terms	Yes; 5-30 year terms	Yes; 10-, 15-, 20-year terms	Yes
Fixed and variable income	Yes	Yes	Yes	Fixed and variable annuity payout options are available	TIAA Real Estate and the CREF accounts are available as variable annuity income. Transfers during the annuity period are permitted, subject to limitation.	N/A
<b>LOAN PROVISIONS</b>						
Available (check with carriers for specific fees)	Yes	Yes	Yes	Yes	Yes	Yes

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<b>FOOTNOTES</b>						
		<p><sup>A1</sup> The AXA Moderate Allocation Portfolios invest in shares of Underlying Portfolios. Therefore, each AXA Allocation Portfolio bears its own management fees and operating expenses as shown above, plus a pro-rata share of the fees and expenses of the underlying portfolios in which they invest.</p>		<p>ING Life Insurance and Annuity Company, issuing insurance company. Product is a variable annuity. Variable annuities are long-term investments designed for retirement purposes. Early withdrawals may be subject to a deferred sales charge and if taken prior to age 59 1/2, a 10% federal penalty may apply. Money will be distributed from the annuity will be taxed as ordinary income in the year it is received. Account values fluctuate with market conditions, and when surrendered the principal may be worth more or less than its original cost. Tax deferral is provided by your plan; a variable annuity does not provide any additional tax deferral benefit. You should consider the investment objectives, risks, charges and expenses of the variable product and its underlying investment options carefully before investing. The prospectus contains this and other information. You may obtain a prospectus from your local ING representative; please read it carefully before investing.</p> <p><sup>B1</sup> Investment options listed in the Asset Classes above (as determined by the sponsor) are not in risk/return order. For more information about these funds, please refer to the fund one pages.</p>	<p>You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161 [or go to <a href="http://www.tiaa-cref.org">www.tiaa-cref.org</a>] for a prospectus that contains this and other information. Please read the prospectus carefully before investing.</p> <p><sup>C1</sup> As with all the TIAA-CREF Variable Annuity accounts, the funds you invest in the CREF Money Market Account are neither insured nor guaranteed by the FDIC or any other U.S. Government agency.</p> <p><sup>C2</sup> There are special risks associated with international investing, including erratic market conditions, economic and political instability, and fluctuations in currency exchange rates.</p> <p><sup>C3</sup> Because its social criteria excludes some investments, the fund may not be able to take advantage of the same opportunities or market trends as do funds that do not use such criteria.</p> <p><sup>C4</sup> Not available in California. The real estate industry is subject to various risks, including fluctuations in underlying property values, higher expenses or lower income than expected, and potential environmental problems and liability.</p> <p><sup>C5</sup> Federal tax penalties may apply for early withdrawals. Under RA and GRA, availability is subject to the provisions of your institution's plan.</p> <p><sup>C6</sup> Fixed-period payments may be available subject to federal tax law and/or your institution's rules. Payment periods for TIAA Traditional under GRAs are from 5 to 30 years; and for TIAA Real Estate and the CREF Variable Annuity accounts from 2 to 30 years.</p> <p>TIAA-CREF Individual &amp; Institutional Services, LLC and Teachers Personal Investors Services, Inc. distribute securities products. TIAA (Teachers Insurance and Annuity Association) New York, NY and TIAA-CREF Life Insurance Co., New York, NY issue insurance and annuities. TIAA Trust Company, FSB provides trust services.)</p> <p>©2004 Teachers Insurance and Annuity Association</p>	